

Message Text

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ACTION PM-03

INFO OCT-01 NEA-09 ISO-00 CIAE-00 INR-07 NSAE-00 SS-15

SP-02 NSC-05 L-02 OMB-01 IGA-01 EB-07 MC-02 AID-05

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R 021148Z APR 75

FM AMEMBASSY KUWAIT

TO SECDEF WASHDC//ISA//

INFO SECSTATE WASHDC 2655

USCINCEUR

CSA WASHDC

CDR AMC ALEX VA

CDR TACOM WARREN MI

C O N F I D E N T I A L KUWAIT 1441

E.O. 11652: GDS

TAGS: MASS, KU

SUBJECT: USG DELINQUENCIES FMS CASES

REF: A. DALO-ILM 212027Z MAR 75 B. KUWAIT 0909 DTG 260926Z FEB 75

C. KUWAIT 020945Z NOV 74 D. DALO-ILM 062037Z FEB 75

SUMMARY: KUWAIT UNDERSECRETARY OF DEFENSE HAS EXPRESSED DIS-
PLEASURE CONCERNING CONTINUED FAILURE USG MEET CERTAIN FMS
DELIVERY DEADLINES AND HAS ADVISED GOK WILL WITHHOLD FURTHER
PAYMENT ON FMS CASES UNTIL USG REMEDIES SITUATION. LOCAL ASSESS-
MENT AND RECOMMENDATIONS ARE PROVIDED. REVIEW OF MATTER
REQUESTED.END SUMMARY

1. ON MARCH 23, DOD REP MET WITH KUWAIT UNDERSECRETARY OF DEFENSE
ADB-AL RAZZAK AL-KHAMIS RE DELIVERY PROBLEMS ASSOCIATED WITH FMS
CASES UBA (150 1/4 TON TRAILERS DUE FEB 75), UBG (ROAD ROLLERS
DUE FEB 75) AND UAP (525 1/4 TON TRUCKS - DUE MARCH 74).
HE INFORMED DOD REP IN COURTEOUS MANNER THAT GOK HAD MET ITS
OBLIGATIONS AND HAD MADE ALL SCHEDULED PAYMENTS WHEN DUE.
BECAUSE OF CONTINUED FAILURE USG TO DELIVER EQUIPMENT (EXCEPT
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SIX 1/4 TON TRUCKS), HE HAD ORDERED THAT ALL FURTHER FMS PAY-

MENTS BE SUSPENDED. HE ASKED THAT HE BE SUPPLIED WITH STATUS REPORTS AND EXPECTED DELIVERY DATES UNDER THE ABOVE CASES AND FOR FMS CASES UAS, UCD, UBJ AND UBL.

2. DOD REP ADVISED OF RELEASE FOR SHIPMENT OF 200 1/4 TON TRUCKS REPORTED REFTEL (A), EXPLAINED PROBLEMS AND SUSPENSION OF ISSUE TO ALL USERS, INCLUDING OUR OWN. AL-KHAMIS SAID HE WAS GLAD TO HEAR SOME PROGRESS MADE, BUT ASKED WHEN HE WOULD RECEIVE REMAINING 319 VEHICLES.

3. DOD REP BELIEVES SUSPENSION OF PAYMENT APPLIES ONLY TO THESE SEVEN CASES. TENOR OF MEETING WAS SUCH THAT HE DID NOT WANT TO INVITE UNDERSECRETARY'S ATTENTION TO OTHER CASES, I.E. UAH (IHAWK), BY PRESSING POINT. FROM PRACTICAL STANDPOINT, IT IS OUR UNDERSTANDING GOK IS SEVERAL MONTHS AHEAD IN PAYMENT ON ALL CASES AND IMPACT OF DECISION TO SUSPEND PAYMENTS WILL NOT BE FELT FOR AT LEAST SEVERAL MONTHS.

4. EMBASSY DOES RECEIVE QUARTERLY STATUS REPORTS ON FMS SHIPMENTS, BUT DOES NOT KNOW WHEN MAJOR ITEMS ARE RELEASED FOR SHIPMENT. GOK DOES NOT HAVE FREIGHT FORWARDER WHO CAN KEEP IT INFORMED. WE BELIEVE AL-KHAMIS ACTION RE FIRST TWO CASES LISTED PARA (1) PREMATURE, SINCE ALLEGED DELINQUENCY LESS THAN ONE MONTH. WE CANNOT QUESTION ALLEGATION OF DELINQUENCY ON CASE UAP (1/4 TON TRUCKS) DUE FOR DELIVERY IN 1974.

5. ACTION REQUESTED: REQUEST EMBASSY BE PROVIDED WITH STATUS REPORT ON ABOVE SEVEN CASES. INCLUDING CURRENT OR ESTIMATED DELIVERY SCHEDULES. UNTIL USG NO LONGER DELINQUENT, REQUEST WE BE PROVIDED WITH UP-DATE AT END OF EACH MONTH.

6. COMMENT: GOK UNDERSECRETARY HAS TAKEN AN EXTREME MEASURE WHICH I DOUBT MINDEF WILL SUSTAIN IF BROUGHT TO HIS ATTENTION. NEVERTHELESS, WE ARE MUCH OVERDUE IN PROVIDING INFORMATION WHICH GOK HAS RIGHT TO KNOW UNDER TERMS OF FMS CONTRACTS AND WHICH WE SHOULD PROVIDE AS A MATTER OF COURTESY.
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